



Drake's Way, Larkspur, EAH Housing

Affordable Housing in the Bay Area

What is affordable housing?

Everyone wants to live in a safe and decent home while still having enough to cover basic necessities such as groceries and child care. A home is considered “affordable” if it costs no more than 30 percent of a household’s annual income. However, the reality in the Bay Area is that more than 43 percent of all households are currently overpaying for housing.¹ High housing prices hurt all Bay Area residents, but especially middle and low income households where a full 69 percent² currently overpay. To respond to this need the region needs to build affordable homes which are required to limit their rents and mortgages for a period between 15 to 55 years. Affordable homes are built by private and nonprofit developers for middle and low income households. These are households making 80 percent or less of their area’s median income level which in the Bay Area is around \$62,000³ or less per year.

Why do we need it?

According to Plan Bay Area, over the next 30 years 56 percent of the jobs projected for the region will likely pay low or very low wages. This means that the region will need to produce over 371,000 (out of 660,000) housing units affordable to low and very low income residents.



Devries Place, Milpitas, MidPen Housing

Meet the Residents



Virginia Briggs, Resident, Kings Valley, EAH Housing

Affordable housing residents are seniors or people with disabilities on a fixed income as well as teachers, retired military personnel, car mechanics, child care workers and others who work in our communities.

What if we don't build affordable housing?

The Bay Area's high housing costs negatively affect the region's economic competitiveness by making it harder to attract workers and more costly for businesses to operate. Some of the workers who are essential to making our communities function well—including many nonprofit workers, bank tellers, or retail sales associates—may be priced out of the region altogether. In many cases, residents must move to the edges of the region away from job centers to find affordable homes, which results in longer commute times away from families, gridlocked traffic, increased pollution, and the unsustainable conversion of farmland and open space into more housing.

Why doesn't the market already build it?

There are many reasons. For instance, as the Bay Area economy expanded after World War II, development increased to accommodate the new jobs and residents attracted to the region. As the supply of developable land decreased, land prices and thus development costs have increased. Local opposition and complex permitting and entitlement processes also add

to development costs. Even if a home is relatively affordable to build, the Bay Area's constrained housing supply market means that higher income buyers will generally outbid lower income ones and a home's final sale or rental price will generally far exceed development costs. Thus public subsidies are needed to provide affordable homes for low and very low income households.



Station Center, Union City, Mid Pen Housing

Affordable housing is sometimes referred to as “workforce housing” in recognition of the fact that even those with full time jobs sometimes struggle to afford housing



Petaluma Avenue Homes, Sebastopol, SAHA Homes

How is affordable housing built?

Each California jurisdiction is required by Housing Element law to identify sites that are zoned to allow enough housing to accommodate all of its housing need for an eight year period.⁴ Housing developers then work with the jurisdiction to obtain project approvals. Affordable housing developments require multiple funding sources to be feasible. While the federal and state governments provide some subsidies for affordable housing, funding for these programs continues to decline, and does not come close to meeting the need. Often, local sources of funding are essential to enabling affordable housing to be built. These are used to pay for crucial pre-development expenses including site evaluations and feasibility studies

without which projects are unable to secure vital financing from state and federal programs.

How can jurisdictions help?

Applying housing linkage fees imposed on market-rate residential and/or non-residential developers to help build affordable housing.

Using General Fund expenditures that can subsidize affordable housing programs, including the creation of soft second loan programs for developers, as seed funding for an affordable housing trust fund, or by supporting family-level subsidy programs.

Reducing or waiving fees for affordable housing developers.



Petaluma Avenue Homes, Sebastopol, SAHA Homes

Supporting the localized acquisition and rehabilitation of existing properties in order to preserve and expand the local supply of affordable housing.

Using California's Density Bonus Law which encourages developers of market-rate housing to build affordable units by allowing up to 35 percent more units than would otherwise be locally permissible.

What do neighbors say?

Many neighbors have strong reactions to affordable housing developments which are often based on misconceptions. The following responds to some of the most common concerns:



Elisa Teresa, Resident, Center Town, EAH Housing

...Affordable housing will erode my property values...

An extensive literature review conducted by Harvard University⁵ found that affordable housing either has no impact or improves nearby property values. The National Association of Realtors echoes these findings in its own extensive literature review⁶ of studies from the 1960s through today.

...Crime will increase...

A national study⁷ that examined housing voucher⁸ use and crime in Austin, Chicago, Cleveland, Indianapolis, New York, Philadelphia, Portland, Seattle, and Washington DC found no association between crime rate and proportion of households

with housing vouchers. This effect was true across neighborhoods (high crime, low crime, poor, wealthy). Additionally, two major statistical analyses⁹ found that crime is actually lower on a per-unit basis for multi-family housing developments and either had no relationship to or even decreased nearby crime rates.

...Affordable housing will increase traffic congestion, and make parking a nightmare...

A survey of 2780 affordable housing households conducted by the City of San Diego found that residents of affordable housing owned cars at half the rate of their market-rate counterparts.¹⁰ Traffic impacts are lessened even more when affordable housing is built next to transit as residents have viable alternatives to the automobile. A study conducted by the Metropolitan Transportation Commission (MTC) found that Bay Area residents who live within half mile of transit are four times as likely to use transit, are twice as likely to walk, and drive fewer than half as many miles.¹¹ Many of the Bay Area's affordable housing developments are located in such transit rich sites as regional, state, and federal funding sources prioritize these locations.

...Our schools are at capacity...

This argument may have some validity with respect to market rate housing but the vast majority of affordable homes are apartments and condominiums



Merritt Crossing, Oakland, SAHA Homes

which in general have 2-3 times fewer children than single-family homes.¹² For any new housing there are offsetting benefits as most new sites were committed to less productive uses such as parking lots. New housing will generate new sales taxes which benefit all residents through municipal services. Whether market-rate or affordable housing, the community benefits when cities and schools actively cooperate on land use planning. Some common examples are sharing parks and playing fields, planning apartments near bus stops to reduce school drop-off trips, and creating walkable safe routes to school.

Want to learn more?

ABAG Housing Website (<http://www.abag.ca.gov/planning/housing/>): contains information on regional housing issues including the latest housing best practices for jurisdictions, regional housing need allocations, and information on additional funding and planning resources.

Department of Housing and Community Development (<http://www.hcd.ca.gov/hpd/nimby.htm>): HCD's own list of affordable housing myths and facts and many additional materials on gaining community acceptance of affordable housing.

21 elements (<http://www.21elements.com/>): A wealth of resources collectively assembled by the jurisdictions of San Mateo County to help cities meet their housing needs.

Endnotes

¹ Overpayment is defined by the US Census as spending 30% or more of one's household income in housing costs for rentals and 38% or more for homeowners. Serious over-payment is defined as spending 50% or more of one's household income in housing costs. These figures include both rental and ownership properties.

² ABAG internal research compiled for Projections 2013, US Census American Community Survey, 2012.

³ This is a regional average for the nine-county Bay Area (Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma) based on the 2012 American Community Survey. The actual Area Median Income is calculated based upon census-designated groupings called Metropolitan Statistical Areas (MSAs). In the Bay Area there are four MSAs: San Francisco-Oakland-Fremont (80% AMI for a household is \$78,264), Santa Rosa-Petaluma (80% AMI for a household is \$61,372), San Jose-Sunnyvale-Santa Clara (80% AMI for a household is \$79,835), and Vallejo-Fairfield (80% AMI for a household is \$61,857).

⁴ Government Code §§ 65580- 65589.8. Also known as the Regional Housing Need Allocation (RHNA).

⁵ Obrinsky, Mark and Debra Stein. "Overcoming Opposition to Multifamily Rental Housing" Harvard University Joint Center for Housing Studies, 2006.

⁶ Galster, George C. "A Report to the National Association of Realtors." September, 2002 <http://www.advocatesinc.org/userfiles/propertyvalues.pdf>.

⁷ Furman Center for Real Estate and Urban Politics. "Investigating the Relationship between Housing Voucher Use and Crime." New York University, 2010 <http://furmancenter.org/files/publications/FurmanCenter-HousingVoucherUseCrime.pdf>.

⁸ Housing vouchers, commonly referred to as Section 8, are used by low-income families to secure market rate housing. These tenants are required to pay a third of their income in rent and utilities with the federal government paying the remaining two thirds.

⁹ Elliott F. Pollack and Company, "Economic & Fiscal Impact of Multi-family Housing," Phoenix: Arizona AND University of Alaska Justice Center, "The Strength of Association: Housing Density and Delinquency" Anchorage Community Indicators.

¹⁰ Wilbur Smith Associates. "San Diego Affordable Housing Parking Study." San Diego, 2011.

¹¹ Metropolitan Transportation Commission "New Places, New Choices: Transit-Oriented Development in the San Francisco Bay Area." 2006.

¹² National Multi Housing Council (2000), as reported in Myths and Facts About Affordable and High Density Housing (California Planning Roundtable et al, 2002), p4.